

Goal: Understand the method of **Sealed Bids**.

1. Sealed bids: general idea

2. Steps:

- (a) Make a list of items to be divided
- (b) Each person puts in a sealed bid (for each item)
- (c) Determine total bid
- (d) Determine fair share of each person's total bid: $(\text{their total bid}) / (\# \text{ people})$
- (e) Each item is awarded to the highest bidder
- (f) Holding pot for money:
 - if $\text{award} > \text{fair share}$ (award – fair share is positive), put **in** money to pot
 - if $\text{award} < \text{fair share}$ (award – fair share is negative), take **out** money from pot
- (g) Divide remaining surplus in pot equally

3. Example: ITEMS: Vase, Earrings, Ice Skates. PEOPLE: Sam, Omar

	Sam	Omar
Vase	\$10	\$5
Earrings	\$4	\$15
Ice Skates	\$20	\$8
Total Bid		
Fair Share		
Winning Bid / Who gets what		
total award		
(award) – (fair share)		
puts in pot / gets from pot		
total surplus		
Share of surplus		
Final Allocation		

4. Same Example with different bids:

	Sam	Omar
Vase	\$10	\$5
Earrings	\$13	\$2
Ice Skates	\$20	\$8
Total Bid		
Fair Share		
Winning Bid / Who gets what		
total award		
(award) – (fair share)		
puts in pot / gets from pot		
total surplus		
Share of surplus		
Final Allocation		